Pikes Peak Library District
March 17, 2021

Cheyenne Mountain Library Lease Renewal

Background

The Pikes Peak Library District (PPLD) currently leases the facility located at 1785 S. 8th St., Colorado Springs, CO 80906 for its Cheyenne Mountain Library. The current lease expires August 31, 2021.

Currently, annual rent expense is $10,553.38 per month ($126,640.56 annually). Total square footage is 9,565 sq. ft.

Renewal Proposal

The Landlord (Monitor Cheyenne Mountain) has proposed a five-year extension to the current lease. A copy of the lease extension document (Proposal) is attached to this memorandum. The more significant terms of the Proposal include:

1. A non-appropriation clause, which is needed for compliance with TABOR.

2. The Proposal includes the following annual rental terms (annual rental increases range from 1.75 – 1.9%):

	Monthly	Annual	Cost/Sq Ft
09/01/2021 – 08/31/2022	$10,752.65	$129,031.80	$13.49
09/01/2022 – 08/31/2023	$10,951.93	$131,423.16	$13.74
09/01/2023 – 08/31/2024	$11,151.20	$133,814.40	$13.99
09/01/2024 – 08/31/2025	$11,350.47	$136,205.64	$14.24
09/01/2025 – 08/31/2026	$11,549.74	$138,596.88	$14.49

3. The annual operating costs (Common Area Maintenance Costs) is capped at $2.65 per square foot (or $2,112.27 per month) for the first year and shall not increase by $0.25 per square foot per year thereafter.
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4. The Proposal includes a tenant improvement allowance of $15,000, payable to PPLD upon submittal of receipts and lien waivers.

5. The Proposal includes an option to renew for an additional five-year term.

6. The terms of the Proposal have been discussed with PPLD's Internal Affairs Committee.

Recommendation

Management recommends the Board of Trustees approve the terms of the proposed lease renewal for the Cheyenne Mountain Library facility for up to five additional years (September 1, 2021 – August 31, 2026) with the terms described above.

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE (the "Fifth Amendment") dated for reference purposes only as February 25, 2021, by and between **Monitor Cheyenne, LLC,** (hereinafter referred to as "Landlord") and **Pikes Peak Library District** (hereinafter referred to as "Tenant").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant entered into that certain Lease for reference purposes only dated March 16, 2005, and Second Amendment of Lease Agreement dated March 16, 2005, Third Amendment to lease dated January 15, 2014, Fourth Amendment to Lease dated April 26, 2016 (Mistakenly called Third Amendment to Lease) which establish (the "Lease"), with respect to the premises located at Cheyenne Plaza, 1785 S. 8th Street, Colorado Springs, Colorado, consisting of approximately 9,565 square feet (the "Leased Premises"), and

WHEREAS the aforementioned Lease was and is due to expire by its own terms on August 31, 2021, and

WHEREAS, Landlord and Tenant now desire to amend the Lease, and specify certain changes to the terms and conditions of the Lease.

NOW, THEREFORE, the parties for good and valuable consideration, the receipt of which is hereby acknowledged, agree as follows:

1. RECITALS. The foregoing recitals are true and correct and incorporated herein by this reference.

2. DEFINED TERMS. All capitalized terms not specifically defined herein shall have the meanings set forth in the Lease.

3. LEASE TERM ADJUSTMENT. Upon full execution of this Fifth Amendment to Lease, the Lease Term for the Leased Premises, 1785 S. 8th Street, shall commence on September 1, 2021 and shall expire on the 31st day of August 2026.

4. RENTAL. Tenant covenants and agrees to pay a reserved base rent for the Leased Premises, consisting of approximately 9,565 square feet, during the Lease term:

Months	Rent/Month	Annual Base Rent per Rentable Square Foot
9/1/2021-8/31/2022	$10,752.65	$13.49 + NNN
9/1/2022-8/31/2023	$10,951.93	$13.74 + NNN
9/1/2023-8/31/2024	$11,151.20	$13.99 + NNN
9/1/2024-8/31/2025	$11,350.47	$14.24 + NNN
9/1/2025-8/31/2026	$11,549.74	$14.49 + NNN

5. OPERATING COSTS CAP. Operating Costs shall be capped at $2.65 per square foot ($2,112.00 per month) for the calendar year 2021 and shall not increase more than .25 per calendar year for the remainder of the lease term.

6. PROPERTY TAXES. Tenant is exempt from paying property taxes as long as El Paso County continues to assess the property based on the Tenant's exempt status.

7. CONDITION OF PREMISES. Landlord delivers to Tenant and Tenant accepts from Landlord the Leased Premises in an as-is, where-is condition and both parties acknowledge that no Landlord's work shall be performed in connection with this Fifth Amendment.

8. TENANT IMPROVEMENT ALLOWANCE. Landlord and Tenant agree that Landlord will pay a Tenant Improvement Allowance of Fifteen Thousand Dollars ($15,000.00) for improvements to the Tenants space once Tenant provides receipts and lien waivers to support improvements.

9. RENEWAL OPTION. Provided Tenant is not in default and has performed all of its covenants and obligations hereunder, Tenant shall have the option to extend the Term of this Lease (hereinafter, the "Option") for an additional period. The Option shall be for one (1) period of five (5) years upon the same terms and conditions, at the then current market rate, but not less than the previous year's rent, and upon the following further terms and conditions.

9.1 Tenant shall exercise said Option only by giving written notice to Landlord not later than one hundred eighty (180) days before the expiration of the Lease. Thereafter, Landlord shall advise Tenant within ten (10) business days of the Base Rent for the Option Period, and Tenant shall then have ten (10) business days within which to revoke in writing its exercise of the Option.

9.2 It is understood and agreed that this Option is personal to Tenant and is not transferable; in the event of any assignment or subleasing of any or all of the Premises said Option shall be null and void.

9.3 Option Addendum. In the event that Tenant shall elect to extend this Lease and shall serve notice of such election, and the rental for the renewed term is fixed, all as herein provided, the parties hereto shall, on expiration of the term hereof, execute an addendum to this Lease setting forth the commencement and termination dates, and the rental to be paid, for the extended term.

10. TABOR AMENDMENT. Landlord and Tenant acknowledge and agree that this Fifth Amendment to Lease shall not constitute a multi-year financial obligation of Tenant under the Taxpayers Bill of Rights ("TABOR") of the Colorado Constitution. Therefore, this Fifth Amendment to Lease is subject to annual appropriations for payment by Tenants Board of Trustees. If such appropriation is not made, the Lease shall terminate at the beginning of the appropriation year. Proof from Tenants Board of Trustees is needed to confirm their inability to provide the annual appropriation.

11. MISCELLANEOUS.

a. The Lease as modified herein remains in full force and effect and is hereby ratified by Landlord and Tenant. In the event of any conflict between the Lease and this Fifth Amendment, the terms and conditions of this Fifth Amendment shall control.

b. In the event of any litigation arising out of or in connection with this Fifth Amendment, the prevailing party shall be awarded reasonable attorney's fees, costs and expenses.

c. This Fifth Amendment shall be binding upon executions and inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns.

d. This Fifth Amendment contains the entire agreement of Landlord and Tenant with respect to the subject matter hereof and may not be amended or modified except by an instrument executed in writing by Landlord and Tenant.

e. Except as expressly provided herein, Tenant has not assigned or transferred any interest in the lease and has full power and authority to execute this Agreement.

f. Tenant has no known claims of any kind of nature against Landlord arising from or under the Lease and there are no agreements between Landlord and Tenant other than the Lease as amended by this Fifth Amendment.

IN WITNESS WHEREOF, the parties have executed this Fifth Amendment to Lease as of the date set by their signature below. This Fifth Amendment shall be deemed effective upon delivery of a fully executed copy hereof to both parties.

L**ANDLORD:**

Monitor Cheyenne LLC

By: Ismet Sahin

Its: Managing Member

Signature: _____

Dated this _____ day of _____, 2021

TENANT:

Pikes Peak Library District

By: _____
Its: _____

Signature: _____

Dated this _____ day of _____, 2021